Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 DACCA 03701 191109Z

50
ACTION NEA-16

INFO OCT-01 ISO-00 TRSE-00 FS-01 ABF-01 OMB-01 FRB-03 EB-11

L-03 CIAE-00 INR-11 NSAE-00 RSC-01 AID-20 DRC-01 PA-04

PRS-01 USIA-15 PER-05 AGR-20 OPR-02 A-01 M-02 /120 W
---------- 113483
R 190600Z AUG 74
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 3996

LIMITED OFFICIAL USE DACCA 3701

E.O. 11652: N/A
TAGS: AFIN, AFSP, EFIN, BG
SUBJECT: REQUEST FOR AUTHORIZATION TO ESTABLISH "CONVERTIBLE"
TAKA ACCOUNT.

1. BDG FOREIGN EXCHANGE CIRCULAR OF FEBRUARY 1972
ALLOWS DIPLOMATIC MISSIONS ESTABLISH "CONVERTIBLE"
TAKA ACCOUNTS AGAINST REMISSION TO AUTHORIZED DEALERS
IN BANGLADESH OF FOREIGN EXCHANGE. USG DEPOSITARY
BANK, AMERICAN EXPRESS INTERNATIONAL BANKING CORP.
(AMEXCO) IS AUTHORIZED DEALER.

2. EMBASSY TO DATE HAS HAD NO REQUIREMENT FOR
"CONVERTIBLE" TAKA ACCOUNT; HOWEVER RECENT DEVELOP-
MENTS INDICATE NEED FOR SUCH ACCOUNT.

3. HOTELS NOW REQUIRE FOREIGN NATIONALS PAY IN
"CONVERTIBLE" TAKA OR FOREIGN EXCHANGE AND ARE
OFFERING REMISSION BDG TAX OF TWENTY PERCENT IF
"CONVERTIBLE" CURRENCY PAYMENT MADE. BANGLADESH
BIMAN APPLYING SURCHARGE THIRTY PERCENT ON INTERNATIONAL
AIR FARES UNLESS PAYMENT MADE IN "CONVERTIBLE" CURRENCY.
OCEAN FREIGHT FORWARDING AGENTS HAVE ADVISED EMBASSY THEY
UNABLE OBTAIN BDG PERMISSION REMIT FOREIGN EXCHANGE
EARNINGS FROM LOCAL BUSINESS UNLESS EMBASSY CAN SUPPLY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 DACCA 03701 191109Z

CERTIFICATION THAT FUNDS WERE PAID IN "CONVERTIBLE"

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

TAKA. LIKELIHOOD THAT OTHER CATEGORIES OF PAYMENTS
WILL BE REQUESTED IN "CONVERTIBLE" TAKA APPEARS STRONG.
VAST MAJORITY OF LOCAL EXPENSES, SALARIES, RENTALS,
UTITITIES, ETC., WILL STILL BE PAID FROM "NON-CONVERTIBLE"
TAKA USDO ACCOUNT.

4. ALTERNATIVES INCLUDE: (A) ATTEMPT COPE WITH PROBLEM
WITHOUT ESTABLISHING "CONVERTIBLE" ACCOUNT BY REQUIRING
US OFFICIAL TRAVELERS PAY OWN HOTEL BILLS WITH DOLLARS,
PAYING TAKA SURCHARGE ON AIRLINE TICKETS, AND IQRING
OCEAN FREIGHT CHARGES FROM WASHINGTON. THIS IS MESSY,
INCONVENIENT TO US TRAVELERS AND COSTS SOME
DOLLARS ANYHOW; (B) ATTEMPT PERSUADE BANGLADESH BANK TO
DECLARE PRESENT USG ACCOUNT AT AMEXCOM "CONVERTIBLE"
ARGUING THAT WE HAVE CONVERTED $1.8 MILLION INTO TAKA
IN 1972/73. THIS IS DISINGENUOUS AND COULD POSSIBLE
JEOPARDIZE CONTINUED USE SWAP AGREEMENT FUNDS; AND (C)
SIMPLY ESTABLISH NEW CONVERTIBLE CURRENCY ACCOUNT
WITH MODEST WORKING BALANCE.

5. EMBASSY WAS RELUCTANT REQUEST PERMISSION SELL DOLLAR
INSTRUMENTS TO OBTAIN "CONVERTIBLE" TAKA (PARA 4 (C))
BUT FOLLOWING POINTS HAVE LED US TO THIS REQUEST:
(A) USG OWNED TAKA ON HAND NOW SOME 20.5 MILLION OR
APPROXIMATELY TWELVE MONTHS'S SUPPLY AT CURRENT DISBURSE-
MENT RATE. WHEN THIS SUPPLY EXHASTED EMBASSY WILL BE
REQUIRED EXCHANGE DOLLAR FOR TAKA.
(B) AS DEPARTMENT AND TREASURY AWARE FROM MESSAGES ON
KARACHI AMEXCO TAKA-RUPEE SWAP AGREEMENT (STATE 174237
OF SEPTEMBER 1, 1973 AND PREVIOUS) BDG NEVER GAVE
POSITIVE APPROVAL TRANSFER SOME 34 MILLION TAKA INTO
USDO ACCOUNT DACCA. REQUESTING BDG DECLARE ACCOUNT
"CONVERTIBLE" ON BASIS PRIOR DOLLAR EXCHANGE (PER PARA
4 (B)) COULD WELL CAUSE BDG TURN ATTENTION TO SWAP
TRANSACTION AND POSSIBLY JEOPARDIZE USG ABILITY
UTILIZE REMAINING 20.5 MILLION TAKA AND, MOREOVER,
ARGUMENT IS WEAK SINCE ACCOUNT BALANCE EXCEEDS EQUIVALENT
$1.8 MILLION EXCHANGED.
(C) FAILURE TO ESTABLISH "CONVERTIBLE" TAKA ACCOUNT WILL
RESULT IN HIGHER COSTS FOR USG OPERATIONS IN BANGLADESH
LIMITED OFFICIAL USE

FOR THOSE SERVICES CITED PARA 3 AND RESULT IN SOME
ADDITIONAL COST OF INCONVENIENCE USG EMPLOYEES ASSIGNED
OR ON TDY HERE.
(D) BY HOUSING TDY PERSONNEL IN USG LEASED HOUSING,
AVOIDING TO EXTENT PRACTICABLE USE BANGLADESH BIMAN,
PAYING OCEAN FREIGHT INVOICES IN DOLLARS IN THE US,
NEED FOR "CONVERTIBLE" PAYMENTS CAN BE HELD TO
ESTIMATED TAKA EQUIVALENT US DOLLARS TWENTY FIVE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

THOUSAND PER YEAR. USG WILL REALIZE SOME SAVINGS FROM USE "CONVERIBLE" TAKA IN FORM LOWER CHARGES AND PROTECT TAKA ACQUIRED UNDER SWAP ARRANGEMENT. THUS DOLLAR EXCHANGE FOR "CONVERTIBLE" TAKA OFFERS SOME BENEFITS IF ASSUMPTION THAT USG WILL BE EXCHANGING DOLLARS FOR TAKA UPON EXHAUSTION 20.5 MILLION TAKA ON HAND IS ACCEPTED.

6. UPON RECEIPT DEPARTMENT AND TRESURY AUTHORIZATION USDO WILL EXCHANGE CHECK FOR US DOLLARS ONE THOUSAND TO ESTABLISH "CONVERTIBLE" TAKA ACCOUNT. ACCOUNT WILL BE USED SOLELY FOR PAYMENTS UNAVOIDABLY REQUIRED IN "CONVERTIBLE" TAKA OR WHERE USG REALIZES SAVINGS FROM USE "CONVERTIBLE"TAKA. BALANCE THIS "CONVERTIBLE" ACCOUNT WILL BE KEPT AT MINIMUM.
BOSTER

LIMITED OFFICIAL USE

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONVERTIBLE FOREIGN EXCHANGE
Control Number: n/a
Copy: SINGLE
Draft Date: 19 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974DACCA03701
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740227-0808
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740837/aaaabfur.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by boyleja>; APPROVED <26 FEB 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REQUEST FOR AUTHORIZATION TO ESTABLISH "CONVERTIBLE" TAKA ACCOUNT.
TAGS: AFIN, AFSP, EFIN, BG, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005